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GOVERNOR PATAKI ANNOUNCES INTERIM PACTS WITH INDIAN NATIONS

Agreements Reached With Five Nations; Talks Continue With Others

Governor George E. Pataki today said the State has achieved an historic breakthrough in talks with five Indian Nations by reaching interim agreements that establish the framework for long-term sales tax compacts, bringing fairness to New York State taxpayers and maintaining the sovereignty of the Nations.

"This important breakthrough represents real progress toward a long-term solution of a problem that many had thought impossible to resolve in part because previous administrations had failed to reach any kind of agreement," Governor Pataki said.

"The Nations have shown good faith by signing these interim agreements," the Governor said. "Now we must continue to work together to reach final agreements that ensure New York State taxpayers are treated fairly, while continuing our respect for the sovereignty of the Indian Nations."

The State has reached 30-day agreements with the federally-recognized Onondaga, Oneida, Tuscarora, Tonawanda Seneca and Cayuga Indian Nations. The pacts sunset at the end of 30 days and implementation of regulations for the collection of sales tax will begin absent of signed long-term agreements.

Talks are continuing with the Seneca, St. Regis Mohawks, the Shinnecock and the Poospatuck.

"These agreements lay the foundation for a continued relationship with the Nations of peaceful coexistence, mutual help and respect that will reach far into the next century," Governor Pataki said. "I am proud of my staff for their tireless dedication and focus on fairness for all sides and I appreciate the efforts of the Indian leaders."

The interim agreements call for the Indian Nations to increase their selling price for cigarettes, while the Oneida will also increase their price for gasoline, to reasonably acceptable levels on Tuesday as the first step toward achieving an acceptable level of parity by the end of the 30 days.

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The Onondaga, Tonawanda Seneca, Tuscarora and Cayuga Indian Nations also have agreed to stop selling motor fuel. The Nations are negotiating separately with the Independent Producers of Petroleum to obtain tribal pumps at off-reservation gas stations close to their reservations for tax-free sales of motor fuel to Indian Nation members.

The agreements do not call for direct payments to the State from the Nations, though State revenue is expected to increase as a result of the decision of the four Nations that have agreed to stop selling motor fuel -- meaning that business will go to non-Indian stations.

In addition, the agreement to increase cigarette prices will result in more off-reservation sales by lessening the incentive to travel to reservation stores. Final figures cannot be determined until final agreements are in place.

"We are pleased to be involved in something that was never accomplished by any previous administration: Fairness for our members and New York taxpayers," said Constance Barrella, President of the New York Association for Convenience Stores (NYACS). "These agreements represent an excellent way to bring all sides together to reach a long-term, equitable solution."

As part of the interim agreements, the Indian Nations have agreed not to sell cigarettes through the Internet or through the mail using common carriers.

The Nations will begin putting in place their own licensing procedures for manufacturers, transporters, wholesalers and Indian retailers who manufacture, transport, wholesale or sell cigarettes, gasoline and diesel fuel.

The agreements also provide for the Nations to start the contracting process with a stamping company for the design and manufacture of their own cigarette stamp, which will be placed on cartons and packs of cigarettes. The process is expected to be completed in four to six weeks.

All Nations will share information with the State regarding who has authorization to manufacture, transport, wholesale and retail cigarettes, and in the case of the Oneida, motor fuel as well.

The Nations will inform the State when any license is revoked, while also providing reports twice a month to the State on the distribution of cigarettes and, for the Oneida Nation, gasoline within their reservations.

A compliance team consisting of one member from each Nation and one member from the State will be created to ensure compliance with the parity section of the agreement. The team will issue reports to the Nations and the State.

Each Nation will conduct hearings of any alleged violations and determine whether penalties should be assessed, including the revocation of a license.

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Each Nation will make good faith efforts to enforce their agreement within the boundaries of their reservations, including the seizure of any unlicensed products. The State will seize any unlicensed products off reservations.

Governor Pataki said the State will move forward with the implementation of sales tax regulations for those Nations that do not have agreements in place by the end of the day. However, the Governor said the administration will continue to negotiation with those Nations on Tuesday and throughout the week.

"We must ensure that New York taxpayers and businesses that have suffered for years because of the competitive advantage the Indian businesses have enjoyed are treated fairly, while respecting the sovereignty of the Indian Nations," Governor Pataki said.

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